

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3521
ANSWERED ON:25.08.2006
EXPORT PROMOTION SCHEMES
Naik Shri Shripad Yasso;Rijju Shri Kiren

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has introduced various schemes with a view to promoting exports under which some exemption or full exemption is given in export duty;
- (b) if so, the details thereof and the exemption given in terms of percentage under each scheme, separately;
- (c) whether there has been continuous increase in the duty being exempted under these schemes;
- (d) if so, the percentage of excise duty exempted under these schemes during the last three years, separately;
- (e) the details of the institutions taking benefit of these schemes;
- (f) whether the Government is contemplating to scrap these schemes; and (g) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) to (g) The Government has introduced various schemes with a view to promoting exports. The objectives of most schemes are to neutralise the incidence of levies and duties on inputs used in export products, based on the fundamental principle that duties and levies should not be exported. Presently, the major schemes are either duty exemption or duty remission schemes. Duty exemption schemes enable duty free import of inputs required for export production. Advance Authorisation, Duty Free Import Authorisation (DFIA), Export Oriented Unit (EOU) and Special Economic Zone (SEZ) schemes are exemption schemes which allow duty free imports. A Duty Remission Scheme enables post export replenishment/remission of duty on inputs used in the export product. Duty Remission Schemes consist of (a) DEPB (Duty Entitlement Passbook Scheme) and (b) Drawback. The DEPB allows drawback of import charges on inputs used in the export product. The Drawback Scheme intends to neutralise the incidence of central taxes borne on export goods.

There is yet another scheme called the Export Promotion Capital Goods (EPCG) scheme under which import of capital goods is allowed at a concessional duty of 5% subject to an export obligation. Besides, there are product specific and country specific schemes to promote exports. The drawback disbursed and the amount of duty foregone under these schemes during the last three years are given below:

Year	Duty Foregone (Rs. in crores)
2003-04	41060.57
2004-05	40021.86
2005-06	40329.14

The schemes are available to exporters subject to fulfillment of conditions stipulated therein. There is no proposal at present to scrap these schemes.